

**Before the State of South Carolina
Department of Insurance**

In the matter of:

Southern United Fire Insurance Company

One Southern Way
Mobile, Alabama 36619

2007
SCDOI File Number 2002-110663

**Consent Order
Imposing Administrative Penalty**

This matter comes before me pursuant to an agreement entered into between the State of South Carolina Department of Insurance and Southern United Fire Insurance Company (the Company), an insurer licensed to transact insurance business within the State of South Carolina.

The Department recently conducted a target market conduct examination on the claims practices and procedures of the Company. That examination revealed many instances of the Company's failure to promptly investigate and pay its claims or respond to inquiries from claimants and this Department about delays in claim handling. These actions as alleged violate S.C. Code Ann. § 38-59-20 (1989) and can ultimately lead to the revocation of the insurer's certificate of authority to transact the business of insurance within the State of South Carolina pursuant to S.C. Code Ann. §§ 38-59-30 and 38-5-120 (A)(2) (Supp. 2000), subject to the insurer's right to a public hearing before the Administrative Law Judge Division.

Rather than contest this matter, the parties have agreed to submit the entire matter to me, along with their specific recommendation, for my summary decision. That consensual recommendation was that the Company would waive its right to a public hearing and would submit an administrative penalty through the Department in the total amount of \$25,000.

Section 38-59-20 of the South Carolina Code states, in pertinent part, "Any of the following acts of an insurer...if committed without just cause and performed with such frequency as to indicate a general business practice, constitutes improper claims practices:...(2) Failing to acknowledge with reasonable promptness pertinent communications with respect to claims arising under its policies, including third party claims arising under liability insurance policies...(3) Failing to adopt and implement reasonable standards for the prompt investigation and settlement of claims, including third-party liability claims, arising under its policies...(8) Any other practice which constitutes an unreasonable delay in paying or an unreasonable failure to pay or settle in full claims, including third-party claims, arising under coverages provided by its policies."

After a thorough review of the matter, carefully considering the recommendation of the parties, and pursuant to my findings of fact, I hereby conclude as a matter of law that the Company has violated S.C. Code Ann. §§ 38-59-20 (1989). Accordingly, I hereby impose an administrative penalty in the amount of \$25,000 against the Company pursuant to the discretion

OA So. United Fire Ins. Co.

provided to me by the State of South Carolina General Assembly in S.C. Code Ann. §§ 38-5-130 and 38-2-10 (Supp. 2000). The Company must pay this administrative penalty within ten days of my date and my signature upon this consent order. If the Company has not paid that total amount on, or before, that date, then its certificate of authority to transact business as an insurer within the State of South Carolina will be summarily revoked without any further administrative disciplinary proceedings.

The parties have reached this consensual resolution in consideration of the internal corrective internal measures the Company has implemented to prevent this problem from recurring and of the Company's assurance that it will timely handle South Carolina claims. The parties expressly agree and understand the Company's payment of the agreed-upon penalty constitutes full accord and satisfaction of this matter.

By the signature of one of its officers or authorized representatives upon this consent order, the Company acknowledges that it understands that this administrative disciplinary order is a public record subject to the disclosure requirements of the State of South Carolina's *Freedom of Information Act*, S.C. Code Ann. §§ 30-4-10, *et seq.* (1991 and Supp. 2000).

Nothing contained within this administrative disciplinary order should be construed to limit, or to deprive any person of, any private right of action under the law. Nothing contained within this administrative disciplinary order should be construed to limit, in any manner, the criminal jurisdiction of any law enforcement or judicial officer. Nothing contained within this administrative disciplinary order should be construed to limit the statutory duty, pursuant to S.C. Code Ann. § 38-3-110 (Supp. 2000), of the Director of Insurance, exercised either directly or through the Department, to "report to the Attorney General or other appropriate law enforcement officials criminal violations of the laws relative to the business of insurance or the provisions of this title which he considers necessary to report."

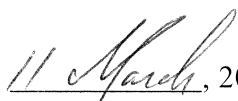
It is, therefore, ordered that Southern United Fire Insurance Company shall, within ten days of my date and my signature upon this consent order, pay through the Department an administrative penalty in the total amount of \$25,000.

It is further ordered that a copy of this consent order shall be immediately transmitted to the National Association of Insurance Commissioners for distribution to its member states.

This consent order becomes effective on the date of my signature below.

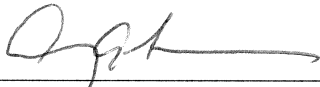


Ernst N. Csiszar
Director

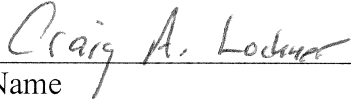
 11 March, 2002, at
Columbia, South Carolina

 So. United Fire Ins. Co.

I CONSENT:



Signature of Authorized Representative



Name



Title

Southern United Fire Insurance Company
One Southern Way
Mobile, Alabama 36619

Dated this 8th day of MARCH, 2002